

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, AUGUST 14, 2007**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 14, 2007, commencing at 7:00 a.m.

A. ROLL CALL

Present: Council Members – Hansen, Hitchcock, Katzakian, and Mayor Johnson

Absent: Council Members – Mounce

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. TOPIC(S)

B-1 "Utilities Quarterly Update"

City Manager King briefly introduced the subject matters.

Deputy City Manager Krueger provided an overview of the water and wastewater utilities quarterly update. Specific topics of discussion included summary, wastewater financials ending June 30, 2007, wastewater operating expenses, water financials ending June 30, 2007, and water expenses by series.

In response to Mayor Johnson, Mr. Krueger stated that the other figure in the wastewater fund is primarily interest.

In response to Council Member Hitchcock, Public Works Director Prima stated the service water facility and an unfinished water well may account for what was not done from the capital outlay funds.

In response to Council Member Hansen, Mr. King stated the repayment of the previously borrowed \$6 million was accounted for and set up in a rate structure through a repayment schedule.

In response to Council Member Hansen, Mr. Krueger stated the savings mainly come from the non-purchase of granular activated carbon filters, staff shortages, and other various items. Mr. Krueger stated the other payments amount will be less than shown because all anticipated expenses, including the Woodbridge water payment, were conservatively accounted for.

In response to Council Member Hitchcock, Mr. Krueger stated unused amounts are rolled over to the next year if there is a contract because the amount is encumbered. Mr. King provided a brief overview of the process associated with transfers to the fund balance.

Electric Utility Director Morrow provided an overview of the electric utility quarterly update. Specific topics of discussion included the cash position and overview, financial results, electric expenses by series, sales, heating and cooling degree days, other revenue, the Northern California Power Agency (NCPA) general operating reserve, financial forecast, financial ratings, power supply, open position, and overall summary.

In response to Council Member Hitchcock, Mr. Morrow stated last year the market surpassed the budget fairly quickly due to timing. Mr. Morrow stated the market can again fluctuate this year, but there is a better cushion.

In response to Mayor Johnson, Mr. Morrow stated the upcoming year will be more stable because in 2007 the budget was finalized before some purchases were made. He stated this year the purchases were primarily made before the budget was finalized, but there is still the fluctuating market factor.

In response to Mayor Johnson, Mr. Morrow stated the transmission cost may be lower because of ancillary services and he will bring back additional information regarding the same at the next update. Mr. King stated transmission cost was one of the biggest variables last year.

In response to Mayor Johnson, Mr. Morrow stated there is no hard line minimum amount that NCPA would like us to maintain. He stated they are looking for the City to maintain a certain level of reserves; however, that is consistent with a three-month purchase price.

In response to Myrna Wetzel, Mr. Morrow stated they do receive interest and that amount is placed into securities.

In response to Mayor Johnson, Mr. Morrow and Mr. King stated the Roseville money is reflected in the purchase power chart and the money will be placed into the reserve to further the Council's goal and policy of increasing its reserves.

In response to Council Member Hansen, Mr. Morrow stated the estimated completion date for Roseville is October 1, 2007.

In response to Council Member Hitchcock, Mr. Morrow stated purchase power cost fluctuation is very difficult to predict and the 2011 anticipated fluctuation is based on NCPA's estimate of gas prices going down.

In response to Mayor Johnson, Council Member Hansen and Mr. Morrow stated that there may be some new technology available with the geothermal, which is less than 20% of the City's renewable energy portfolio.

City Manager King provided an overview of the newly received ratings from Standard and Poor's and Fitch. He stated the improved ratings were based on the City's reduced open position, policy for reserves, and overall consistency. Council Member Hansen stated he is meeting with Fitch representatives and the goal is to continue improving and receive a AAA-rating again.

B-2 "Electric Utility Department Westside Substation Overview"

Electric Utility Director Morrow provided an overview of the Westside substation. Specific topics of discussion included substations, typical substation layout, Westside substation location, site map, property details, overview, preliminary layout, load serving capacity, schedule, tasks completed, proposed request for proposals, and summary.

In response to Council Member Hansen, Mr. Morrow stated, while there is current reliability and capacity, the goal is to ensure there is future reliability and capacity.

In response to Council Member Hitchcock, Mr. Morrow stated the standard load on a normalized station is 48 megawatts or below since this ensures that additional loads may be picked up if needed without harming the system.

In response to Myrna Wetzel, Mr. Morrow stated there is no way to store energy at a substation as they are only working on capacity.

In response to Council Member Hitchcock, Mr. Morrow stated they are generally looking at 70%.

In response to Mayor Johnson, Mr. Morrow stated new development will be contributing to the station and they will look to borrow funds until the development comes online.

In response to Council Member Hitchcock, Mr. Morrow stated there is approximately \$4 million remaining from the previous borrowing.

In response to Council Member Hansen, Mr. Morrow stated the best case scenario for the Lodi Project is 2011, but it will likely be a bit later than that and there may be good time correlation between the two.

City Manager King stated the pipeline rehabilitation information will be brought to Council on September 5.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

- Myrna Wetzel spoke in opposition to the graffiti within the City and gave examples of the same. Mr. King provided an overview of staff discussions, housing, proactive efforts, the County ordinance, and staff and/or contracting services to eliminate graffiti.

In response to Council Member Hitchcock, Mr. Prima stated the graffiti removal vehicle goes out twice a week and response time is generally within a week in good weather conditions.

In response to Council Member Hitchcock, Mr. King stated Community Development Block Grant funds could be expended on graffiti removal and the current budgeted amounts could be expended on removal as well. He stated he would like to have a full-time removal program if possible. Mayor Johnson suggested staff look into the matter and provide some thoughts to the City Council regarding the same.

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:18 a.m.

ATTEST:

Randi Johl
City Clerk